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SUBJECT: CHILE ANNOUNCES MARKET ACCESS FOR U.S. POULTRY

Ref: 07 SANTIAGO 1979

¶1. SUMMARY: On January 31, Chile opened its market to imports of U.S. chicken and turkey. In a meeting that day with the Ambassador, Minister of Agriculture Hornkohl made the announcement official. The Ambassador and Hornkohl agreed on the importance of continuing to open bilateral markets, noting the almost doubling of agriculture exports under the Free Trade Agreement. Hornkohl said the next step for Chile would be adding more value to its agriculture sector, and it would look to the U.S. for help. In the region, Chile would look increasingly to assist its neighbors improve their agricultural capacity. END SUMMARY.

Your System Is the Same as Ours

¶2. After years of negotiations, on January 31 Chile recognized the U.S. system of poultry processing and inspections as equivalent to its own. The U.S. granted Chile the same recognition on December 3, ¶2007. While Chile is unlikely to be a major market for U.S. poultry exports, the fact that mutual access was granted as a result of recognizing both systems' equivalency should aid further U.S. access worldwide. For its part, Chile has long sought access to the USD 60 billion annual poultry market in the U.S. In coming years, access could add substantially to Chile's 2007 (as of November) USD 3.3 billion in agriculture exports to the U.S.

Ambassador's Meeting with Agriculture Minister

¶3. In the Ambassador's January 31 courtesy call on new Agriculture Minister Marigen Hornkohl, both agreed on the fundamental importance to the trade relationship of reverse seasons, which gives access to products their own market could not produce year-round. Hornkohl told the Ambassador she viewed bilateral market access as not only important to trade but also to the more fundamental goals of deepening democratic, institutional and cultural ties.

¶4. The Ambassador welcomed the doubling of agriculture exports between the U.S. and Chile under the FTA. Hornkohl agreed, pointing out the trade's "good balance" relative to populations. She thanked both sides for "very professional work" in opening markets further and cited the importance of continuing to work in this area.

¶5. Hornkohl said the next challenge for Chile would be adding more value to its agriculture exports. Finding ways to put innovation into practice was the next frontier. For this, ties to the U.S. would be key. The Ambassador agreed and said he would like to see more U.S. ties to universities and other technology leaders.

Energy and Agriculture

¶16. The Ambassador said he had been discussing Chile's energy needs and the potential of biofuels with Minister of Energy Tokman (reftel). He offered that there was much more that Chile could do in this area. Hornkohl agreed and said Chile's lack of reliable energy sources was a clear weakness and there was a need for increasing use of renewable energy. There was much arable land in Chile still available for planting biofuels. She expressed interest in further cooperation with the U.S. in this and other research fields.

Always More to Do

¶17. Both agreed that despite the success of mutual access for poultry, there remained much to do. For Chile, access to the U.S. for its citrus fruit, oranges and grapefruit, was the next step on the agricultural roadmap. For the U.S., expanding access to Chile for red meat and chilled pork was the next. To further ties between the U.S. and Chile, the Ambassador said he would seek an invitation from U.S. Agriculture Secretary Schafer for Hornkohl to visit the U.S. She welcomed the possibility of an official visit.

¶18. Hornkohl said that while Chile did not engage in central planning from the agriculture ministry, she was searching for ways to provide the sector, especially its small and medium enterprises, more information and access, including on global warming, as she thought Chile was beginning to experience some climate change. The Ambassador noted Chile's importance as a positive example in the region. Hornkohl agreed and said Chile was actively working with neighbors like Bolivia, Ecuador and Peru in areas such as capacity building. Chile wants to be an active and positive model for them as they develop their agriculture sectors further.

¶19. COMMENT. Chile is a model agricultural leader in South America and the developing world. The real value to the U.S. of the market access Chile granted was in the recognition of our system as equivalent rather than any specific dollar amount of poultry Chile will import. Market access for the U.S. on these terms should ultimately help U.S. agriculture negotiations and access in the region and beyond.
SIMONS